

July 27, 2001

Sent via e-mail, hand-delivery, and/or U.S. Mail

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: Verizon's Alternative Regulation Plan, D.T.E. 01-31

Dear Ms. Cottrell:

Enclosed for filing please find the Attorney General's Second Set of Document and Information Requests to Verizon Massachusetts, AG-VZ-2-1 to 2-25, together with a Certificate of Service in the above-referenced proceeding.

Sincerely,

Karlen J. Reed
Assistant Attorney General
Regulated Industries Division
200 Portland Street, 4th Floor
Boston, MA 02114
(617) 727-2200

KJR/kr

Enc.

cc: D.T.E. 01-31 Service List (w/enc.)

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Investigation by the Department of Telecommunications and Energy on)		
its own Motion into the Appropriate Regulatory Plan to succeed Price Cap)		
Regulation for Verizon New England, Inc. d/b/a Verizon Massachusetts')		D.T.E. 01-31
intrastate retail telecommunications services in the Commonwealth)		
of Massachusetts)		

**ATTORNEY GENERAL'S
SECOND SET OF DOCUMENT AND INFORMATION REQUESTS
TO VERIZON MASSACHUSETTS**

INSTRUCTIONS

1. These Document and Information Requests call for all information, including information contained in documents, which relates to the subject matter of the requests and which is known or available to Verizon New England d/b/a Verizon Massachusetts ("Verizon MA" or "Company") or to any individual or entity sponsoring testimony or retained by the Company to provide information, advice, testimony or other services in connection with this proceeding.
2. Where a Request has a number of separate subdivisions or related parts or portions, a complete response is required to each such subdivision, part, or portion. Any objection to a Request should clearly indicate the subdivision, part, or portion of the Request to which it is directed.
3. If information requested is not available in the exact form requested, provide such information or documents as are available that best respond to the Request.
4. These requests are continuing in nature and require supplemental responses when further or different information with respect to the same is obtained.
5. Each response should be furnished on a separate page headed by the individual Request being answered. Individual responses of more than one page should be stapled or bound and each page consecutively numbered.

6. Each Document and Information Request to "Please provide all documents..." or similar phrases includes a request to "identify" all such documents. "Identify" means to state the nature of the document, the date on which it was prepared, the subject matter and the titles and the names and positions of each person who participated in the preparation of the document, the addressee and the custodian of the documents. To the extent that a document is self-identifying, it need not be separately identified.
7. For each document produced or identified in a response which is computer generated, state separately (a) what types of data, files, or tapes are included in the input and the source thereof, (b) the form of the data which constitutes machine input (e.g., punch cards, tapes), (c) a description of the recordation system employed (including descriptions, flow charts, etc.), and (d) the identity of the person who was in charge of the collection of input materials, the processing of input materials, the data bases utilized, and the programming to obtain the output.
8. If a Document and Information Request can be answered in whole or part by reference to the response to another Request served in this proceeding, it is sufficient to so indicate by specifying the other Request by participant and number, by specifying the parts of the other response which are responsive, and by specifying whether the response to the other Request is a full or partial response to the instant Request. If it constitutes a partial response, the balance of the instant Request must be answered.
9. If the Company cannot answer a Request in full, after exercising due diligence to secure the information necessary to do so, state the answer to the extent possible, state why the Company cannot answer the Request in full, and state what information or knowledge is in the Company's possession concerning the unanswered portions.
10. If, in answering any of these Document and Information requests, you feel that any Request or definition or instruction applicable thereto is ambiguous, set forth the language you feel is ambiguous and the interpretation you are using responding to the Request.
11. If a document requested is no longer in existence, identify the document, and describe in detail the reasons the document is unavailable.
12. Provide copies of all requested documents. A response which does not provide the Attorney General with the responsive documents, and requests the Attorney General to inspect documents at any location is not responsive.

13. If you refuse to respond to any Document and Information Request by reason of a claim of privilege, or for any other reason, state in writing the type of privilege claimed and the facts and circumstances you rely upon to support the claim of privilege or the reason for refusing to respond. With respect to requests for documents to which you refuse to respond, identify each such document.
14. Each request for information includes a request for all documentation which supports the response provided.
15. Provide two copies of each response.
16. Unless the Request specifically provides otherwise, the term "Company" refers to Verizon MA's intrastate operations and includes all witnesses, representatives, employees, and legal counsel.
17. Please furnish each response on a separate sheet of paper, beginning with a restatement of the question.
18. Please provide all responses to requests within 10 calendar days from receipt of request, as per the Hearing Officer's Ground Rules issued May 7, 2001.

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**ATTORNEY GENERAL'S
SECOND SET OF DOCUMENT AND INFORMATION REQUESTS
TO VERIZON MASSACHUSETTS**

AG-VZ-2-1 Please state whether any local or state governmental agencies, such as the Commonwealth of Massachusetts, are considered residential customers or business customers for the purposes of inclusion in the Company's proposed alternative regulation plan.

AG-VZ-2-2 Please refer to Verizon MA's response to AG-VZ-1-8.

- a. Are you contending that RCN is an effective competitor to Verizon for every RCN product offering throughout every exchange in Massachusetts, or just where RCN has actually rolled out its service?
- b. What standard do you use to determine whether competition is "effective?"
- c. Please give at least five more examples of RCN's comparable product lines that you contend demonstrate "effective competition." As part of your comparison, please contrast the RCN product offering with Verizon's product offering.
- d. Please produce a chart that lists the number and type of wholesale services that RCN purchases from Verizon MA, grouped by exchange code (not area code).
- e. Please produce a copy of the CLEC 2001 Study, published by New Paradigm Resources Group, Inc., and give the page or paragraph references for each RCN reference described in Verizon MA's response to AG-VZ-1-8(a).

AG-VZ-2-3 Please produce a map of Massachusetts which clearly delineates Verizon's exchange code boundaries. This map should be large enough to be easily read and must include a key that lists the actual exchange codes assigned to each exchange, as well as the associated residential communities. Please make the map electronically reproducible and reflect the area codes in which the exchange codes have been assigned.

AG-VZ-2-4 Please refer to Verizon MA's response to AG-VZ-1-16 regarding the Vermont Public Service Board's March 24, 2000 order, pages 7-8, 134-140.

- a. Please describe the Education Plan / Distance Learning Plan that Verizon implemented pursuant to the Vermont commission's order without charge to Vermont ratepayers that "provides high-speed connections for high schools within its service territory, allowing rapid internet access and distance learning opportunities" from January 2000 to May 31, 2005 for the 59 high schools in Verizon Vermont's service territory.
- b. Please provide copies of the documentation required by Vermont high schools to complete to qualify for Verizon's high-speed service under the Education Plan / Distance Learning Plan.
- c. Please provide an estimate of Verizon's Vermont cost of designing, constructing, and operating the Education Plan / Distance Learning Plan from its implementation date to its expected termination, May 31, 2005.
- d. Please provide a copy of the transcript dated June 10, 1999, referenced on page 136 of the Vermont order.
- e. Please provide a copy of the Vermont Department of Education plan referenced on page 138 of the Vermont order.

AG-VZ-2-5 Please refer to Verizon MA's response to AG-VZ-1-6 regarding the data obtained from the E911 data base, provide the following information:

- a. Who is responsible for maintaining the E911 database?
- b. Explain precisely the use of the term "access lines" insofar as identifying what is included in the E911 data base - *i.e.*, does one "access line" always correspond with one E911 entry? Identify all situations in which the number of entries in the E911 data base for a customer may be less or greater than the number of "access lines" to which that customer subscribes, and explain the

source of any such difference.

- c. The total number of Verizon MA E911 entries corresponding to the CLEC E911 data for the same three time periods shown in the response.
- d. Provide a disaggregation of the total number of “access lines” that are included in the E911 data base by type of service and/or type of access line (*i.e.*, residential, business lines, business trunks, Centrex lines, DID numbers, wireless numbers, other (specify)) separately for Verizon-MA and for CLECs as a group, and indicate the quantity of “access lines” associated with each category. Identify and provide the source(s) used in preparing this response.
- e. What is the witness' understanding of CLEC practices for entering DID numbers into the E911 database? That is, which numbers does each CLEC regularly place in the E911 database and which does it exclude? Provide the documents or other source materials upon which that understanding is based.
- f. Do the CLEC figures include all telephone numbers in a DID number block assigned to a customer? If not, on what basis are certain numbers excluded?
- g. Do the CLEC figures include CLEC numbers “ported” back to Verizon (and which retain the CLEC’s NXX code)? Provide the documents or other sources used by the witness in responding to this interrogatory.

AG-VZ-2-6 Please refer to Verizon MA’s response to AG-VZ-1-10. Indicate what circumstances might provide Verizon with a “reason to initiate a request for interconnection with a CLEC.”

AG-VZ-2-7 Please refer to Verizon MA’s response to AG-VZ-1-13(e):

- a. Provide the Verizon MA (then NYNEX-Mass.) "return on investment" and "return on equity" as reported to the DPU for each of the five (5) years immediately preceding the adoption of price cap regulation pursuant to DPU 94-50.
- b. Are the “return on investment” amounts that are provided in the referenced response calculated in the same manner that was used in making the calculations requested in (a)?
- c. If the answer to (b) is other than an unqualified "yes," provide a detailed explanation of any and all differences between the manner in which the "return

on investment" figures as provided in response to (a) and those provided in response to AG-VZ-1-13(e) were calculated.

- d. If the answer to (b) is other than an unqualified "no," provide "return on investment" figures corresponding to those provided in response to AG-VZ-1-13(e) calculated on the same basis as those provided in response to (a).

AG-VZ-2-8 Please refer to Verizon MA's response to AG-VZ-1-13:

If revenues and associated expenses for directory advertising have been excluded from any of the revenue and earnings figures contained in this response, provide a restatement of this data in a similar format that includes directory revenues and expenses.

AG-VZ-2-9 Please refer to Verizon MA's response to AG-VZ-1-14:

- a. Please define "NA" as this notation is used in this response.
- b. If "NA" means "Not Available," provide an explanation as to why the requested data is not available, and indicate when and how it will be made available.
- c. If "NA" means "Not Applicable" or anything else, please provide the requested data.

AG-VZ-2-10 Please refer to Verizon MA's response to DTE 2-9:

- a. Please provide corresponding data in a similar format for resold residential lines.
- b. Please provide corresponding data in a similar format for UNE-P lines.
- c. Please provide corresponding data in a similar format for UNE loops.

AG-VZ-2-11 Please refer to Verizon MA's response to AG-VZ-1-2(b)(1):

Provide the "market power analysis" performed by the witness pursuant to the Department of Justice *Merger Guidelines* upon which he relies in support of his assertion that "entry into Massachusetts' retail telecommunications market is comparatively easy." If no such "market power analysis" was performed by the witness, so state.

AG-VZ-2-12 Please refer to Verizon MA's response to AG-VZ-1-3(b):

- a. Is it the witness' contention that "the operating margins available to competing retail providers that ... resell Verizon's retail telecommunications services" are defined solely by "the wholesale discount set by the Department"? If the witness believes that factors other than "the wholesale discount set by the Department" affect such "operating margins," please identify all such factors and provide any and all studies or data performed, caused to be performed, or reviewed by the witness that specifically address and quantify the magnitude of such factors' influence.
- b. Will the witness agree that, all else being equal, a decrease in "the wholesale discount set by the Department" will work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas?"
- c. If the response to (b) is other than an unqualified "yes," provide a detailed explanation as to why a decrease in "the wholesale discount set by the Department" will *not* work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas."
- d. If the response to (b) is an unqualified "yes," provide any and all studies performed, caused to be performed, or reviewed by the witness that quantify the impact upon the "competitive pressure" on Verizon retail prices that would result from a decrease in the "wholesale discount set by the Department."

AG-VZ-2-13 Please refer to Verizon MA's response to AG-VZ-1-3(c):

- a. Is it the witness' contention that with respect to partially facilities-based competitors, "the operating margins available to competing retail providers that ... lease Verizon's UNEs" are defined solely by "the prices of those elements which [sic] are set by the Department"? If the witness believes that factors other than "the prices of those elements" affect such "operating margins," please identify all such factors and provide any and all studies or data performed, caused to be performed, or reviewed by the witness that specifically address and quantify the magnitude of such factors' influence.
- b. Will the witness agree that, all else being equal, an increase in "the prices of [UNE] elements which are set by the Department" will work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas"?

- c. If the response to (b) is other than an unqualified "yes," provide a detailed explanation as to why an increase in "the prices of [UNEs]" will *not* work to diminish the "competitive pressure [that] is brought to bear on retail prices for all services in all geographic areas."
- d. If the response to (b) is an unqualified "yes," provide any and all studies performed, caused to be performed, or reviewed by the witness that quantify the impact upon the "competitive pressure" on Verizon retail prices that would result from an increase in the "prices of [UNEs]" as set by the Department.

AG-VZ-2-14 Please refer to Verizon MA's response to AG-VZ-1-1(c):

Identify specifically which of the cited studies contain the specific "quantitative comparisons" referred to in the original request, and provide copies of those portions of the cited studies containing such quantitative comparisons.

AG-VZ-2-15 Please refer to Verizon MA's response to DTE 1-7:

- a. Specify precisely what factors or criteria Verizon MA will apply in determining, for individual services with rate caps, which rates in which specific geographic areas will be selectively reduced without increasing them in other areas.
- b. Provide all existing documentation pertaining to Verizon MA's plans with respect to making such "selective" rate reductions for individual services with rate caps. Such documents should provide the specific exchanges and services for which such "selective" reductions are currently being planned, considered or otherwise evaluated.
- c. Specify precisely what factors or criteria Verizon MA will apply in determining, for services with an aggregate rate cap, which rates in which specific geographic areas will be selectively increased or reduced so as to maintain revenue neutrality with respect to such services.
- d. Provide all existing documentation pertaining to Verizon MA's plans with respect to making such "selective" rate increases and decreases for services with an aggregate rate cap. Such documents should provide the specific exchanges and services for which such "selective" increases and decreases are currently being planned, considered or otherwise evaluated.
- e. Specify precisely what factors or criteria Verizon MA will apply in determining, for services subject to market-based pricing, which rates in which specific

geographic areas will be selectively increased or reduced.

- d. Provide all existing documentation pertaining to Verizon MA's plans with respect to making such "selective" rate increases and decreases for services subject to market-based pricing. Such documents should provide the specific exchanges and services for which such "selective" increases and decreases are currently being planned, considered or otherwise evaluated.

AG-VZ-2-16 Please refer to Verizon MA's response to DTE 3-1:

- a. Where Verizon MA creates a "new" service by "bundl[ing] a new set of existing services, not currently offered in combination," would it be required to offer the "new service" so defined in all geographic areas, or could the availability be limited to geographic areas specifically selected by the Company?
- b. If the response to (a) is that the offering could be limited to selected geographic areas, specify precisely what factors or criteria Verizon MA will apply in determining, for such "new services," which specific geographic areas will be selected.
- c. Provide all existing documentation pertaining to Verizon MA's plans with respect to the geographically selective introduction of "bundle[s] [consisting of] a new set of existing services, not currently offered in combination." Such documents should provide the specific exchanges and services for which such "selective" availability is currently being planned, considered or otherwise evaluated.

AG-VZ-2-17 Please refer to Verizon MA's response to DTE 3-1:

- a. Where Verizon MA creates a "new" service introducing a feature, function or other attribute not currently available, would it be required to offer the "new service" so defined in all geographic areas, or could the availability be limited to geographic areas specifically selected by the Company?
- b. If the response to (a) is that the offering could be limited to selected geographic areas, specify precisely what factors or criteria Verizon MA will apply in determining, for such "new services," which specific geographic areas will be selected.
- c. Provide all existing documentation pertaining to Verizon MA's plans with respect to the geographically selective introduction of "new services" consisting

of new features, functions or other attributes. Such documents should provide the specific exchanges and services for which such "selective" availability is currently being planned, considered or otherwise evaluated.

AG-VZ-2-18 Please refer to Verizon MA's response to DTE 2-11:

- a. Provide a breakdown of the "32,000" resold residential lines as of 1/1/2001 by class of residential service (*e.g.*, 1-party measured, 1-party flat, suburban, metropolitan, extended metropolitan, circle calling, Bay State-East, Eastern Mass. Unlimited, 413 Unlimited, etc.)
- b. Provide a breakdown of residential resale revenue as among the following rate elements: Basic Monthly Charge, Touch-Tone, Custom Calling (all types), local message charges, intraLATA toll charges, switched access, directory assistance, National 411, and Other.

AG-VZ-2-19 Please list by exchange the names of the competitors Verizon contends are providing "effective competition" to Verizon's business products and services. In this response, please identify the business products and services for which the competitor provides "effective competition." Please produce a one version of the list with competitors designated by number (*e.g.*, "CLEC 1"), and a second version of the list with competitors designated by name.

AG-VZ-2-20 Please refer to Mr. Mudge's testimony of April 12, 2001, page 9, line 12. What are the current resale discounts offered by Verizon in Massachusetts?

AG-VZ-2-21 Please refer to Mr. Mudge's testimony of April 12, 2001, page 14, lines 8-18. Please list the exchanges in which Teligent, Winstar, CTC, MFN, Level 3, ARC, Cypress, and Intellispace are offering the competitive services described in the above testimony. Please include the types of products and services offered by those carriers.

AG-VZ-2-22 Please produce the press release referenced in Mr. Mudge's testimony of April 12, 2001, page 15, lines 9-10.

AG-VZ-2-23 Please refer to Mr. Mudge's testimony of April 12, 2001, page 16, lines 1-10. Please list the exchanges in which AT&T is offering:

- a. Residential local exchange service.
- b. Business local exchange service.
- c. The one-line package for \$26.95 per month
- d. The two-line combination package for \$40.95 per month.
- e. Voice mail.

f. Wide area calling plans.

AG-VZ-2-24 Please refer to Mr. Mudge's testimony of April 12, 2001, page 16, lines 12-17. Please explain whether the 36 percent of customers figure is a statewide average of business or residential customers. Please also give the range of percentages calculated at the exchange level for residential customers, and a separate calculation at the exchange level for business customers.

AG-VZ-2-25 Please refer to Mr. Mudge's testimony of April 12, 2001, page 17, lines 16-18. Please identify the name of the fiber cable firm referenced and explain how the existence of that contract provides competition for Verizon's business products and services.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding by either hand delivery, mail, and/or e-mail.

Dated at Boston this 27th day of July 2001.

Karlen J. Reed
Assistant Attorney General
Regulated Industries Division
200 Portland Street, 4th Floor
Boston, MA 02114
(617) 727-2200